United Nations E/2005/SR.11

Economic and Social Council

Provisional

12 July 2005

Original: English

Substantive session of 2005
High-level segment

Provisional summary record of the 11th meeting
Held at Headquarters, New York, on Thursday, 30 June 2005, at 10 a.m.

President: Mr. Akram ..... (Pakistan)

Contents

Keynote address by Ms. Tarja Halonen, President of the Republic of Finland

Achieving the internationally agreed development goals, including those contained in the Millennium Declaration, as well as implementing the outcomes of the major United Nations conferences and summits: progress made, challenges and opportunities

Panel on employment for growth

Corrections to this record should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent *within one week of the date of this document* to the Chief, Official Records Editing Section, room DC2-750, 2 United Nations Plaza.

05-40404 (E)

The meeting was called to order at 10.15 a.m.

Keynote address by Ms. Tarja Halonen, President of the Republic of Finland

1. **Ms. Halonen** (Finland) said that the Secretary-General had based his report entitled "In Larger Freedom: towards development, security and human rights for all" (A/59/2005) on a broad concept of security, emphasizing the interrelation between development, security and human rights — an approach that pointed towards the role of the Council in building the future. A lot of progress had been made in attaining the goals and objectives that had emerged from United Nations conferences and summits; there was still, however, much to be done concerning many issues important to development. Demographic threats, infectious diseases and epidemics, for instance, called for a decisive approach.

2. Women constituted a majority in the world, and it was essential not to ignore them as a resource. Much must be done to implement the recommendations of the Beijing Declaration and Programme of Action; the rights of women, prevention of violence against women, and gender equality were vitally important to the promotion of human rights and development. Progress could not be made in eradicating poverty if the status of women was not improved. Mainstreaming gender equality issues continued to be a timely and urgent goal.

3. Moreover, the promotion of development, security and human rights strengthened the potential for more equitable and sustainable globalization; with more efficient management and fairer regulation, globalization could be a means of achieving the Millennium Development Goals. The reform of globalization had been the fundamental notion behind the report of the World Commission on the Social Dimension of Globalization, a concept now accepted worldwide. The United Nations General Assembly had unanimously agreed to adopt that report as a basic document for the upcoming High-level Plenary Meeting in September 2005, and its recommendations had been widely supported. She hoped that the report would help to make globalization fair and create opportunities for all.

4. The implementation of the Goals would help developing countries to join in the process of globalization. In that regard, national responsibility, multilateralism and jointly agreed rules were essential in order to reduce the disadvantages of globalization. The role of corporate social responsibility should also be highlighted. Although international institutions, non-governmental organizations and the private sector all now shared the goal of eradicating poverty and easing economic equality, methods of cooperation still called for improvement — an ongoing challenge for the Council.

5. It was important, as the High-level Dialogue on Financing for Development affirmed, to increase economic investments in development cooperation and boost economic activity in developing countries. The recent decision by industrialized countries to cancel the debts of the poorest and most heavily indebted countries was a significant step that Finland was prepared to support. Sustainability required strong democratic States which, by respecting human rights, good governance and social justice, created the basis for economic productivity. It was essential to examine the impact of globalization on employment and to mobilize political will to resolve the problem of unemployment; it was also necessary to pay attention to cross-border population movements.

6. Economic and trade-policy organizations had been assisting developing countries, in particular the least developed ones, in developing economic activities and economic exchanges, not only in the areas of agriculture and textiles, but in other sectors as well. Sustainable development, including environmental issues, should be integrated into development programmes, bearing in mind that poverty eradication required clean water, good food, decent homes and decent work. The United Nations must play a strong role in managing global environmental issues, and should take steps to establish a United Nations environment agency.

7. The reform of the Council was an important part of the reform of the United Nations system as a whole. In that regard, the reform of the Security Council, which had attracted so much media attention, must not overshadow other important areas. In order to regain its authority, the Economic and Social Council must boldly address such issues as national crises and poverty, and play a role in the implementation of a broad programme of security and development. Closer cooperation was needed with the Bretton Woods institutions and the World Trade Organization (WTO), as well as with civil society and the private sector; the

Council must also enhance its guidance of the work of the United Nations specialized agencies with a view to optimizing resources.

8. She welcomed the proposal of the Secretary-General on the creation of a Peacebuilding Commission, as did the European Union. The work of supporting the transition towards peace and social construction would require the guidance of both the Security Council and the Economic and Social Council. It was, she believed, highly important for the European Union and other regional organizations actively to participate in globalization, by defending its achievements and correcting its shortcomings. The meeting of the European Council held in the current month confirmed the importance for Europeans of the 2005 summit meeting; that body strongly supported a multilateral system and the reform of the United Nations. It had set clear goals for an increase in its official development assistance, and hoped that other developed countries would soon take up the challenge.

9. When Finland took up the Presidency of the European Union in the coming year, the United Nations and the Millennium Development Goals would take high priority. One of its first tasks would be coordinating the cooperation between member States of the European Union and the Council. With respect to reforming the Council, she said that Finland had held the Presidency of the Council and therefore was experienced in its workings. She would convey the results of the discussions held at the current meeting to her European colleagues.

10. Finally, she urged the Council to make the summit meeting a positive and effective development experience, with a view to translating goals into reality and creating a safer and fairer world for all.

Achieving the internationally agreed development goals, including those contained in the Millennium Declaration, as well as implementing the outcomes of the major United Nations conferences and summits: progress made, challenges and opportunities
(E/2005/56, E/2005/51 (chap. I), E/2005/33 (suppl. 13), E/2005/NGO/1-28 and E/2005/CRP.4)

11. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs), introducing the report of the Secretary-General, entitled "Towards achieving internationally agreed development goals, including those contained in the Millennium Declaration" (E/2005/56), said that the Millennium Development Goals had helped to generate momentum in the international policy dialogue. Progress had been made in reducing poverty in East and South Asia, in introducing gender equality into education in all developing country regions and in reducing child mortality in Northern Africa. Since, however, overall progress had been uneven, a more ambitious strategy should be pursued. Absolute poverty was growing in Sub-Saharan Africa as well as in other regions. There was a lack of clean water and sanitation, which bred disease, and HIV/AIDS was reversing development progress, especially in Africa. Moreover, climate change was endangering the ecosystem of the planet.

12. The United Nations development agenda addressed broad questions not fully covered by the Goals, but which were essential to their attainment: achieving fair and equitable globalization, confronting inequality, improving global economic governance, enhancing employment and human resource development and bringing about technological advancement. It also took into account the connections among the social, economic and environmental objectives of development. As a result of the major United Nations conferences and summits of recent years, a truly global policy consensus had emerged on major aspects of life, which gave cause for celebration.

13. Although the Council had made some progress in cultivating a focused system-wide dialogue, it had not fully met the high expectations that had been set for it. The monitoring and evaluation of the progress of the development agenda was still fragmentary, chiefly owing to the decentralized structure of the United Nations: that should not, however, constitute an insurmountable obstacle. In pursuing negotiations on a ministerial declaration, the Council should strengthen its capacity to deliver in four ways: first, by creating a comprehensive process for observing the progress of the United Nations development agenda and by holding annual ministerial-level assessments of progress on development objectives, including, for example, peer reviews of progress reports prepared by Member States, with the assistance of United Nations agencies and regional commissions; and, secondly, by serving as a high-level forum for development cooperation, which would meet on a biennial basis to review trends in international development cooperation, to promote greater coherence among development activities, and to strengthen the links between the operational and the

normative and analytical work of the United Nations system, with more active engagement by the specialized agencies, including the participation of their executive heads in the high-level dialogues of the Council, and the regular meeting of the heads of intergovernmental bodies of specialized agencies under the leadership of the Council President.

14. Thirdly, the Council should hold timely meetings to assess and seek to prevent threats to development. Fourthly, it should monitor the economic and social dimensions of conflict. The Council had made important progress, in particular by creating ad hoc advisory groups for countries emerging from conflict. It should work closely with the proposed Peacebuilding Commission (which should serve as a forum for confronting the challenges of long-term recovery, reconstruction and reconciliation) and reinforce its links with the Security Council.

15. Finally, it was his hope that in 2005 the Council would become the primary forum for pushing the global United Nations development agenda, in cooperation with and to the benefit of all major stakeholders. In that process, the Council relied on the leadership of the President and the Bureau.

16. **Mr. Franklyn** (Jamaica), speaking on behalf of the Group of 77 and China, said that all members of the Council were aware that the achievements of the United Nations development agenda had been well below expectations, and that its implementation had been slow and uneven, increasing the disparities between developing and developed countries, especially in Africa. The main challenge facing the international community was mustering the means and will to implement the development agenda. He proposed that commitments should be made to four basic principles: first, that broad-based development should be a major priority of the international community and the foundation of a renewed global partnership; secondly, that substantial resources should be mobilized to ensure that official development assistance targets were met by 2015, with emphasis on the flow of resources and the provision of debt relief, the improvement of delivery mechanisms, a reduction in transaction costs, the untying of financial and technical assistance, the simplification of procedures and the removal of political impediments to the delivery of assistance.

17. Thirdly, in order for developing countries to benefit from the global economy, a coordinated effort should be made to eliminate systemic inequities, in particular by establishing fair and equitable rules for market access, technology transfers and the mobilization of investment flows. Fourthly, the decision-making process should be inclusive, allowing developing countries to play a meaningful role in designing strategies based on their own needs and circumstances.

18. The Group of 77 and China believed that the goals set were achievable, and that 2005 offered opportunities for renewed efforts to advance the development agenda. The Second South Summit in Doha had emphasized strengthening South-South cooperation and promoting a stronger global partnership with the North. The European Union had decided to double its ODA by 2010 and to reach the 0.7 target by 2015, setting the stage for more significant steps later in the year. The G-8 Summit to be held in July 2005 in Gleneagles would be an opportunity to confirm the provision of already committed resources and to realign global policies. It would also allow the G-8 countries to broaden their debt cancellation initiative by: completely cancelling debts in countries where not to do so would undermine the attainment of the Millennium Development Goals; setting up an arbitration procedure for addressing the matter of unsustainable debt burdens; and making a commitment to submit plans to the 2005 summit meeting showing how they would achieve their targets.

19. Furthermore, the 2005 summit would offer world leaders the chance to define practical measures for resolving development needs and strengthening the United Nations system for that purpose, and the Sixth WTO Ministerial Conference, to be held in Hong Kong in late 2005, would allow for the creation of a fair and just trade system providing special treatment for developing countries and transparent international mechanisms to support commodity prices and to compensate developing countries for price fluctuations. In order for 2005 to be remembered as the year of development, momentum must be maintained and real progress made.

20. **Mr. Schiltz** (Luxembourg), speaking on behalf of the European Union, the acceding countries Bulgaria and Romania, the candidate countries Croatia and Turkey, the stabilization and association process countries Albania, Bosnia and Herzegovina, Serbia and

Montenegro and the former Yugoslav Republic of Macedonia, as well as Ukraine and the Republic of Moldova, said that there were some positive aspects in the implementation of the Millennium Development Goals, but for the most part progress was too slow and unequal, and Africa in particular was not on schedule to achieve the Goals by 2015. Increased efforts were therefore needed to meet the challenges in the health and education sectors, job creation, the environment and climate change.

21. The European Union reaffirmed the importance of each of the Goals and their realization in every country, including the least developed countries, landlocked countries and small island developing States. It fully endorsed the Secretary-General's statement that there could be no development without security and no security without development. Democracy, good governance and respect for human rights were the framework within which the Goals should be achieved at the national level.

22. The Economic and Social Council should play a central role in the follow-up to the major conferences and should guide the United Nations system in its implementation of the Goals. Its coordination role should also be strengthened, particularly between operational and humanitarian agencies. He underlined the importance of continuing the reform of the funds, programmes and specialized agencies in order to ensure overall coherence of the system, and supported the Secretary-General's call for a more integrated structure for international environmental governance. The Council could become a high-level forum for development cooperation where global strategies and policies could be discussed.

23. Every country was responsible for its own development through comprehensive national poverty reduction strategies. However, partnerships such as the Monterrey Consensus were essential, as were the development of the private sector, microcredit and a successful development round of trade negotiations.

24. The European Union was currently responsible for 55 per cent of official development assistance in the world. It was in the process of meeting and exceeding the commitments made in Barcelona in 2002: it would meet the interim target of 0.56 per cent of GDP for official development assistance by 2010, and was on track to meet the 0.7 per cent target by 2015.

25. Trade was also an engine of development, and improved market access for the exports of the least developed countries and countries with economies in transition would help to increase their competitiveness and diversify their exports. The development of Africa was a priority for the European Union, as demonstrated by the decision to allocate half of its increased development assistance to that continent.

26. The HIV/AIDS crisis called for an integrated approach, covering prevention, treatment, care, support and research, with special attention paid to women. The European Union reaffirmed its commitment to the goals of the Cairo Programme of Action, stressing that access to reproductive health care was essential to the achievement of the Goals.

27. The European Union was ready to do its part in the area of development, and, in the spirit of the Monterrey Consensus, expected its partners to do likewise. The September 2005 summit would provide a decisive opportunity to intensify efforts towards the achievement of the Millennium Development Goals.

28. **Ms. Indrawati** (Indonesia) said that the Millennium Development Goals were simple but powerful objectives that had galvanized efforts to meet the needs of the poor, becoming globally accepted benchmarks that had been agreed to by developing countries, donors, international organizations and civil society. However, they were only a mid-station to ending absolute poverty, and there would be a need for continued development cooperation beyond 2015.

29. Despite the lingering burden of past financial crises, the Indonesian economy was considered to be on track. Its national policy objectives accommodated the full implementation of the Goals and had set ambitious poverty reduction targets to be achieved in the next five years. However, pockets of poverty and vulnerability to natural disasters were among its remaining challenges. Her Government was making every effort to achieve targets relating to the social safety net by improving the fiscal environment, but the need to maintain macroeconomic stability had created tight constraints on Government spending and available resources. Therefore, international support and cooperation, as embodied in Goal 8, remained indispensable.

30. The recent move to cancel all the debt of some countries under the Heavily Indebted Poor Countries (HIPC) initiative was commendable, but it should not

stop there. Efforts to resolve the debt problems of middle-income developing countries through debt restructuring would be welcome. Indonesia supported debt swaps for sustainable development, which provided low- and middle-income countries with more incentive and resources to achieve the Goals. Trade and investment should continue to be recognized as avenues for meeting the Goals, as growth and employment were a necessary condition for poverty eradication. She emphasized the importance of cooperation between domestic efforts to mobilize more resources and spend them wisely and effectively with adequate, timely and appropriate international support.

31. Indonesia was of the view that South-South cooperation had an important role to play and must therefore have a prominent place in the outcome document of the September summit. Many decisions affecting the world economy were still taken outside the multilateral framework of the United Nations system, often without considering the interests of developing countries. Hence, effective participation of developing countries in the global decision-making process should be enhanced. Greater coordination between the United Nations and other international organizations would certainly contribute to greater policy coherence, particularly in developing an open, rule-based, predictable and non-discriminatory trading and financial system. The most important result of better coordination and coherence would be equal partnership for developing countries.

32. **Mr. Correa** (Ecuador) said that one of the main hindrances to the implementation of the Millennium Development Goals, for the middle-income as well as the least developed countries, was external debt. Debt could not really be reduced to a technical problem, with sustainability as the criterion for setting debt servicing levels. Many countries could pay their external debt, but at the cost of depriving their population of needed services. Debt sustainability should be viewed from a political, social and technical perspective, but also from an ethical one. The United Nations Development Programme (UNDP) should take the lead in defining what level of debt countries could pay while still being able to meet targets for the Goals. Some form of international "bankruptcy court" should also be established so that developing countries could negotiate the terms of debt repayment with an impartial third party, rather than with their creditors directly. That would prevent the sacrifice of lives, development and future prosperity to the service of external debt.

33. Financing was another related issue that was a serious problem for middle-income countries. Ecuador, for example, could pay all it owed, but at its own pace. The current situation was absurd, as it resulted in a net transfer of resources from countries with high rates of poverty. The countries of Latin America, for instance, had hundreds of millions of dollars invested in the "first world", but had inadequate mechanisms and institutions to pool their resources to meet their own financing needs. As a priority, an international mechanism should be created to allow countries to use their own resources for their own benefit.

34. The Kyoto Protocol provided compensation to countries which restored environmental resources, but none to those which maintained their environmental capital. The countries of the Amazon basin maintained an essential global resource but received no compensation; that issue should be considered from an ethical perspective. Under the Kyoto Protocol, environmental resources should be given a monetary value, and the developed countries that consumed them should offer some compensation to the developing countries, through debt cancellation, for example. That was not a matter of compassion or charity to debtor countries, but of justice.

35. **Ms. Girardin** (France) said that progress towards the Millennium Development Goals had been uneven, and therefore the international community must increase its focus on implementation. As affirmed at the Monterrey Conference, the primary responsibility for development lay with countries themselves, and developing countries must increase their cooperation and solidarity. She paid particular tribute to the African countries that had undertaken ambitious reforms in governance and the rule of law through the African Union and the New Partnership for Africa's Development (NEPAD).

36. The developed countries had also risen to the challenges. France intended to be an active partner, and had set up a schedule for achieving the 0.7 per cent target for development assistance by 2012. In September it would launch a pilot project for raising contributions through a portion of the sale of airline tickets.

37. France, along with a growing number of countries, shared the view of the Secretary-General

that a more integrated international structure for the environment was needed, based on existing institutions and the United Nations Environment Programme (UNEP).

38. The current session of the Council provided an opportunity to evaluate commitment, but the momentum generated must be maintained. France supported the emphasis on renewing its role in coordinating the economic and social sectors of the United Nations, and also in ensuring implementation of the Millennium Development Goals. A renewed Council, fully exercising its mandate under the Charter of the United Nations, would be a useful instrument in achieving sustainable development.

39. **Mr. Ould Meimou** (Islamic Republic of Mauritania) said that the President of the Republic had made the fight against poverty the priority of national public policies. In 2000, a law had been enacted to eradicate poverty, strengthen capacities and promote good governance. Implementation of a strategic framework for poverty reduction had led to improvement in several social indicators and there had been a significant rise in the standard of living, particularly thanks to the generalization of such basic services as health, water and education. His Government had undertaken broad ownership of the Millennium Development Goals through a national programme of good governance drawn up and implemented in 2004 under a participative and iterative process involving all development stakeholders. Several activities had been also carried out in partnership with the United Nations Development Programme (UNDP) and United Nations agencies in order to strengthen the ownership of the Goals by the development stakeholders and beneficiaries. A 2005 report on implementation of the Goals showed that of the 11 targets, six could be achieved by 2015, including targets on education, access to water, poverty and hunger reduction and elimination of the gender gap. The other five targets, including health and environment, could be attained only if the current trends were reversed.

40. Resources for the achievement of the Goals were beyond the capacity of States, and specific solutions were needed for the least developed countries. In that context, the Brussels Plan of Action should be implemented, and the allocation of sufficient resources for the achievement of the Millennium Development Goals remained a priority. The main constraints facing policies aimed at poverty reduction and the achievement of the Goals were related to growth, absorptive capacity, the productive base of the economy and terrorism. While considerable progress had been made towards achieving the Goals since the first phase in the implementation of the strategic framework for poverty reduction, the remaining shortcomings, particularly relating to the strengthening of civil society, should be redressed within the framework of the forthcoming programming cycle.

41. **Mr. De Decker** (Belgium) said that the Millennium Development Goals had changed the very nature of development aid. Their universal and cross-cutting character encouraged integrated development aid within a framework of North-South solidarity aimed at strengthening global stability and security. His country favoured an international order based on effective multilateralism capable of ensuring equal access to basic goods and services, real equality of opportunities and the same respect for all human beings. The global governance called for by the United Nations required the strengthening of multilateral practices and institutions and, in particular, a common desire and capacity to implement the rules and decisions adopted by multilateral institutions. While many debates and international gatherings had focused on globalization, their global legitimacy was still in question. It was therefore important to restore to the United Nations its capacity to act as the universal arbitrator, beginning with development and poverty reduction. The United Nations conferences of the 1990s and the Millennium Summit of the United Nations had already given the Organization a head start in that respect.

42. Heads of States and Governments had agreed in the Millennium Declaration to strengthen the Economic and Social Council. The report of eminent persons in preparation for the 2005 summit was sadly right to state that the United Nations had long since lost its decision-making powers in the area of economic and social cooperation. The report had also highlighted that poverty and economic and social inequalities were the main threats to global stability and security.

43. The timely achievement of the Millennium Development Goals was thus the main challenge facing the international community. While his Government would welcome the establishment of a Peacebuilding Commission, the challenge of development went well

beyond national conflict resolution and would require ongoing monitoring of economic and social development at the international level. In that context, Belgium and Germany had proposed a pragmatic reform of the Council in 2004 under an initiative aimed at making the Council an efficient multilateral instrument in step with the new challenges posed by globalization.

44. Problems connected with global development and humanitarian aid were complex, requiring rapid and effective action. It was therefore outmoded for a body as important as the Council to meet only once a year, and the Council needed to establish a small but permanent management committee. It was unjustifiable that the Council continued to give priority to very broad topics but was unable to focus its efforts on specific and critical needs as and when they arose. Since peace, security and economic, social and environmental development were all interlinked, the Council should coordinate its activities with the Security Council systematically and further strengthen its relations with the Bretton Woods institutions and the World Trade Organization (WTO). The Council should also establish a permanent body to follow up implementation of the Millennium Development Goals. Such a body could work in full cooperation with the Security Council and the future Peacebuilding Commission.

45. **Mr. Billson** (Australia) said that the Millennium Development Goals were useful key performance indicators helping to track progress and that official development assistance should be used to invest in future capacity for sustainable improvements in living standards. His Government was committed to helping developing countries in their efforts to achieve the Millennium Development Goals and to assisting its development partners to deliver services and provide opportunities to their peoples. Progress towards the Goals depended on continued improvements in governance and stability, investments in people and a commitment to private sector growth. Further global trade liberalization and openness to trade and investment by both developed and developing countries would be a key to sustainable global and national growth and development. His Government would also welcome a successful and ambitious conclusion of the Doha Round of trade negotiations.

46. HIV/AIDS was a global crisis whose impact was immediate and devastating. Almost a quarter of the people with HIV/AIDS (some 8.2 million) lived in the Asia-Pacific region. In 2004, new infections in Asia totalled 1.1 million. If the region was unsuccessful in combating the disease, 40 per cent of all new global infections would be in the Asia-Pacific region by 2010 and the region could easily become the new epicentre of the epidemic. The epidemic had spread at an alarming rate among women and girls in the region, and prevailing gender norms increased the likelihood that women and girls would be ostracized and rejected by their families once they became infected. His country was therefore working with partner countries in the region on programmes to promote women's and girls' access to education, on HIV/AIDS prevention and treatment services and on programmes to redress violence against women.

47. Fragile States faced enormous and urgent challenges in reducing poverty and achieving sustainable development. The Australian Government was working with fragile States in its region to address the development, security and political challenges they faced. Through a new Fragile States Initiative, his Government would work with the World Bank, the United Nations, the Development Assistance Committee and other donors to develop innovative, integrated and pragmatic approaches to address those challenges.

48. While there had been significant progress, the Asia-Pacific region was still home to two-thirds of the world's poor. His Government was working with partners in the region to address their development challenges and to ensure that the issue received the international attention that it deserved. While the region was home to 40 per cent of the total number of people who lived in least developed countries, those countries received only 20 per cent of the official development assistance given to that category of country.

Panel on employment for growth

49. *Mr. Correa (Ecuador), Vice-President, took the Chair.*

50. **Mr. Suruma** (Uganda), Moderator, said that employment was a key issue for all countries, regardless of their state of economic development. The pivotal role of employment in economic and social development, particularly in poverty eradication, had been acknowledged by the international community.

However, most countries still faced the serious challenge of providing productive work for their citizens, especially the poor and marginalized. The vision of the Copenhagen Declaration on Social Development, whereby policymakers would place employment at the centre of economic and social development, had not been realized. Given the acceleration of globalization, it was more important than ever to reaffirm the commitment to the task of ensuring productive work for everyone. The draft outcome document for the 2005 summit, which underscored the important goal of productive and decent work as a central objective of macroeconomic policies and poverty reduction strategies, was a step in the right direction.

51. **Ms. Quintin** (European Commission) said that the fight against poverty relied crucially on the creation of more and better jobs. Employment was recognized as a key element in the promotion of an inclusive society, peace and democracy. Europe was feeling the effects of three major changes: globalization of trade, demographic ageing and technological change. The "Lisbon strategy" was Europe's road map to meet those challenges. It had recently been refocused on three strategic areas: investing in knowledge and innovation; making Europe a more attractive place to work and invest; and creating more and better jobs. However, the success of that strategy would depend on Europe's ability to use its social model effectively. There was a good deal of consensus across Europe that the social model should be based on good economic performance, a high level of social protection, employment, education, equal opportunities and social dialogue. In addition to presenting many opportunities, globalization posed a number of challenges to the most vulnerable countries and sectors of society, and any adverse impact needed to be offset. There also needed to be a balance in policy priorities across the board, in order to achieve sustainable growth, promote more and better jobs, overcome unemployment and develop social cohesion. Governance must be reinforced at all levels: the establishment of democratic, reliable and transparent institutions was essential for economic and social development. Work should also continue towards a global consensus on employment promotion, and employment should be better integrated in the Millennium Development Goals.

52. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) recalled that the Copenhagen Declaration adopted at the 1995 World Summit for Social Development had affirmed that productive work and employment were central themes of development, and had also recognized a mutually enforcing relationship between economic growth, sustainable development and the expansion of productive employment. Moreover, in its declaration on the tenth anniversary of the Summit, the Commission for Social Development had reaffirmed that an employment strategy should be a fundamental component of any development strategy and that macroeconomic policies should support employment creation.

53. Employment was both an end and a basic instrument of development policy, serving as a source of self-realization and of a sense of dignity. Furthermore, an adequate distribution of labour income was essential for an equitable society. Sadly, however, the years since 1995 had revealed a lack of political momentum for achieving the vision of the Copenhagen summit, and the expectation that policymakers would be guided by that vision had not been fulfilled. Indeed, there had been a growing acceptance that employment should play a narrower role in economic and social development. That was a dangerous situation, since the world faced an even more formidable employment challenge than in the past decade.

54. Since the 1995 summit meeting, unemployment levels had been rising. Nearly half of the world's workers and their families lived on less than $2 per day, and many had no other recourse than to work in the informal economy. In order to tackle the employment challenge, countries must truly make employment a central objective, not only of social policies, but also, in particular, of macroeconomic policies. Employment could no longer be pursued merely as a hoped-for outcome of policies that might or might not address employment directly.

55. The centrality of employment to economic and social development was not fully articulated in the Millennium Declaration, but the Declaration did alert Member States and the United Nations system to the issue of youth unemployment and the challenge of developing and implementing strategies for creating decent and productive work for young people everywhere. The response to the youth employment initiative had added valuable impetus to the growing

international discussion on the role of employment and its relationship to economic and social policies.

56. The Secretary-General's High-Level Panel, which advised him on the Youth Employment Network, had aptly identified four priorities for employment promotion: employability, equal opportunities for young men and young women, entrepreneurship and employment creation. Those four principles could be applied equally to the challenge of creating productive employment for everyone, not just young people.

57. At the macroeconomic policy level, there was broad agreement on the need to focus on the effects of economic growth on employment generation and increased productivity, which meant that employment generation should become a major concern of macroeconomic authorities, including independent central banks. There was also agreement on the importance of implementing appropriate active labour-market policies. At the same time, few disputed the critical need to ensure sufficient investment in education and training.

58. The design of appropriate macroeconomic policy frameworks for employment creation should be a priority for most countries, and success or failure in that regard determined the course of future economic and social progress. However, success would not be easy to achieve. The causal relationship between policy changes and employment outcomes was often complex and hard to predict. Moreover, the instruments of macroeconomic policy that were ultimately selected would necessarily involve tradeoffs with other, competing objectives.

59. Since macroeconomic policies aimed at promoting growth and employment functioned most effectively within a supportive institutional environment, the macroeconomic policy framework must be supported by appropriate institutional policies. It should also be recognized, however, that countries appeared to enjoy less and less "autonomy" in their pursuit of macroeconomic policies. As globalization intensified, a country's conduct of macroeconomic policies would become increasingly sensitive to international conditions and influences. Coordinated and coherent macroeconomic policies would be required at the regional and international levels in order to compensate for the shrinking policy space available to developing countries in their pursuit of development objectives.

60. Although he had emphasized the macroeconomic imperatives for generating and sustaining economic growth, promoting structural changes, increasing labour demand and shifting labour to higher productivity sectors, he wished to note that the questions of employability, discrimination and entrepreneurship must also be addressed. It was essential to remove impediments such as lack of education, training and skills; social exclusion; and lack of access to finance, which continued to hamper the ability of millions of able men and women around the world to participate actively and productively in the marketplace.

61. **Ms. Stewart** (International Labour Organization) said that although the rate of employment growth was a component of output growth, few would disagree that growth was also necessary — indeed, fundamental — to employment creation. However, it appeared that growth alone was not sufficient to ensure job creation or poverty reduction. One might ask oneself why over half the global workforce of 2.8 billion did not make enough money to lift themselves and their families out of poverty, and why the formal sector was increasingly unable to absorb new workers into productive jobs. In developing countries, most new entrants into the labour market were absorbed, not into formal work, but into the informal economy — thus, they were not unemployed, but underemployed.

62. The question of making employment-intensive growth a central objective of macroeconomic and social policies could mean many things. However, for companies operating in competitive markets — especially global markets — it must not mean sacrificing productivity in favour of employment gains. However, it could mean identifying and supporting sectors with high labour absorption. The international community could help by improving policy coherence across the system. If the objective was growth for poor countries, trade policies could not be contradictory. If there were no healthy private sector for creating jobs, then there would be no tax revenues for spending on the poor.

63. The multilateral system was beginning to respond to the question of giving macroeconomic policies more space to buffer the shocks of globalization. The Group of Eight had called for debt cancellation, as had the Secretary-General. There were also many other innovative initiatives, such as commitments to increase official development assistance (ODA) and improving

its quality and predictability. Reforms to the global reserve system could also help create additional policy space.

64. With regard to the question of how to make employment growth "pro-poor", she said that although the largest percentage reduction in poverty occurred when countries were able to increase both productivity and employment in agriculture, the agriculture sector had suffered from policy neglect for many years. If the international community was to achieve its poverty-reduction goals by 2015, it must look to agriculture, forestry and fisheries, and develop directly related value-adding industries. The aim of the International Labour Organization was to make decent work a global goal. Achieving all the Millennium Development Goals required far greater policy coherence than in the past.

65. **Mr. Blake** (Jamaica) said it was no accident that economic growth had been accompanied by a decline in employment. Instead, it had been the result of active policies. Over the past 20 years, those policies had sought to reduce employment, rewarding countries that had shrunk civil service employment, and companies that had cut jobs. The policies and attitudes of the past 20 years must be reversed, and employment creation should be placed at the centre of macroeconomic policy. Moreover, trade policy must also be reconsidered in order to ensure that rural production was paid appropriately. The nature of the education system must also be changed with a view to providing training for real employment in rural areas, as well as in urban areas.

66. **Ms. Barreto López** (Observer for the Bolivarian Republic of Venezuela) said that the only way to resolve the problems of poverty in Latin American countries and in the poor countries of the South was through socialism. The capitalist economic model was not effective at resolving poverty. Her country, for example, used a cooperative model, in which employer and employee were effectively the same person, and access to quality jobs was provided under conditions of equality. As part of its socio-economic transition, her Government helped the poor to enter the labour market through training, technical preparation and access to microcredit. The Council should look at alternatives to the traditional economic models: Venezuela, for example, showed how poor countries could create jobs and improve working conditions.

67. **Mr. Cano** (Nicaragua) welcomed the central focus placed, during the discussion, on growth and unemployment. For the countries of Central America, the most serious issues were underemployment and the fact that people were employed in the informal sector. Their only advantage was low-cost production, and he wondered whether there were alternatives to the "race to the bottom" produced by that situation.

68. **Mr. Ntwagae** (Observer for Botswana) noted that speakers had not addressed the issue of the disabled, and wondered how they might be better incorporated into the labour market.

69. **Ms. Stewart** (International Labour Organization) said that many disabled persons were more able than people imagined, and attitudes towards them must change. The International Labour Organization worked at the policy level to help Governments and employers to engage the disabled in the mainstream, and its experience had shown that the challenges were not as great as expected. It made more sense for policymakers to consider the needs of all citizens from the outset rather than look for solutions after the fact.

70. **Ms. Quintin** (European Commission) said that the question of whether policies had deliberately sought to reduce employment was a complex one. Some economic sectors had experienced, and would continue to experience, a reduction in employment — especially in the context of transforming rural sectors into industrial sectors. It was important to develop policies that could help workers be more adaptable. Better targeted education was important, as was determining how employers could help restructure education so that growth was conducive to employment, rather than unemployment. It was very important to improve the interaction between education, training and employment prospects in order to improve preparation for entrepreneurship at all levels.

71. With respect to the question of cheap labour, she said that it was important to foster the right skills to ensure more productive work, as well as strategies that were not based solely on low-cost labour. Jobs for disabled persons should also be promoted. That would require a global change of attitude, as well as the implementation of projects to support their integration.

72. **Ms. Lubin** (International Federation of Settlements and Neighbourhood Centres) said she had been very surprised that speakers had not discussed the

extent to which improving the housing situation of the poor might lead to a considerable increase in production and employment and a reduction in poverty.

73. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) said it was true that the employment elasticity of economic growth — the link between the rate of economic growth and the rate of employment creation — had been declining worldwide, and that macroeconomic policies had failed to take into account that employment was one of their central objectives. Macroeconomic policies typically held that unemployment was caused by a lack of labour market flexibility. However, flexibility was one part of the broader concept of adaptability, which must be improved. In developing countries in particular, the key question was not unemployment but the quality of employment, which was very low.

74. **Mr. Suruma** (Uganda), Moderator, said that he had been encouraged to hear speakers place employment at the heart of macroeconomic policies, as he had often been aware of the negative effect that emphasis on price stability could have on employment.

The meeting rose at 1.05 p.m.